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CRUSH INTERNATIONAL LIMITED • 46TH ANNUAL REPORT 1969

Today there is greater time for recreation and wider opportunities open to our young people than ever before. We feel that this scene showing a modern group watching man's greatest achievement while enjoying the fun and fellowship of our contemporary life is most appropriate for our Company's 46th Annual Report.

ANNUAL MEETING

The Annual Meeting of our Shareholders will be held at the Royal York Hotel, 100 Front Street West, Toronto, at 11.30 o'clock in the morning, on Thursday, February 26th, 1970.

CRUSH INTERNATIONAL

LIMITED

46TH ANNUAL REPORT, FISCAL YEAR ENDED OCTOBER 29, 1969

Report to Shareholders of

Crush International Limited

It is a pleasure to report to you that once again CRUSH's performance broke all records in both sales and earnings for the year ended October 29, 1969. Net earnings after taxes amounted to $2,002,263, an increase of 21% over a year ago. The earnings per share were 48¢ in 1969 compared with 40¢ in 1968.

Income taxes took an even greater proportion of earnings this year rising to 47% of net earnings compared with 43% a year ago. Income taxes in the United States reflect a full year's surtax and income taxes in Canada were provided for the first time since 1964. In order to comply with current practice our method of accounting for income taxes was changed during the year as explained in Note 6 to the financial statements.

Working capital showed a further increase of $2,580,340 and at the fiscal year end stood at $5,750,408.

Canadian Operations

The Canadian operation showed a marked increase in earnings partly as a result of franchising Montreal CRUSH bottling operations, which branch operated at a deficit for many years. The former Montreal CRUSH bottling plant was sold during the year. Our new plant for PURE SPRING, Ottawa, and the remodelling of our KIK Montreal plant have also resulted in more efficiencies and greatly improved earnings.

The Toronto Branch bottling operation showed greater progress in 1969 although it still operated at a loss. On November 17, 1969, this branch was also franchised and with stronger distribution facilities a marked improvement in earnings should result in 1970 and thereafter. As the plant is now surplus we intend to sell it.

You will recall that in 1967 we established a contingency reserve of $500,000 to provide for the possible revaluation of containers. During the current year we reinstated the reserve to retained earnings and in effect wrote our containers on hand down to deposit value as explained in Note 2 to the financial statement.

Current planning for the growth of your Company includes the continued development of a strong franchise organization. A great deal of effort has been expended in past years operating Company plants in markets where we now recognize that a strong local bottler could do a more efficient job. We intend to utilize our skills in providing technical assistance and creative programmes for local bottlers. We will continue, however, to operate our two Company-owned plants, KIK in Montreal and PURE SPRING in Ottawa, which have maintained excellent growth. During the past year eight franchise bottlers in sizeable markets joined our organization. With the finest names, excellent products and a sound marketing programme we are building a good foundation to attract additional bottlers.

United States

The United States operation continues to broaden and strengthen its position of leadership in the

Highlights of the Year

	1969	*1968*	% Increase
Net Earnings before Taxes	$3,759,624	*$2,895,152*	30
Provision for Income Taxes	1,757,361	*1,235,583*	42
Net Earnings	2,002,263	*1,659,569*	21
Earnings per Common Share	.48	*.40*	20
Working Capital	5,750,408	*3,170,068*	81
Common Shares Outstanding	4,148,828	*4,113,828*	—

Orange and Root Beer field. Although your Company is the largest in these two products, our market share of the entire soft drink industry in the United States is still relatively small, so there is a lot of room to grow within our own field. The Orange and Root Beer flavours account for approximately 20% of the total market and this segment is growing steadily. It must be recognized that our major efforts continue to be directed toward this large United States market from which your Company is deriving its greatest source of sales and income.

Our TV advertising now covers a major section of the United States market and is well received, and as a side benefit is attracting new and stronger bottlers. The backbone of our advertising, however, is still at the local level and promotional activities are utilized in each franchise bottler's market in Canada, the United States and foreign countries.

The immediate banning of cyclamates in soft drinks by the Food and Drug Administrations in Canada and the United States has suspended the sale of low calorie drinks in your Company. As cyclamates have been in use as a substitute for sugar for almost twenty years, the governments' sudden haste in imposing a ban on their further use was quite extraordinary. Without sufficient time to dispose of inventories, sizeable write-offs will be necessary and your Company has made the decision to provide for the entire loss in the year under review. Careful studies are in progress to determine if a satisfactory substitute can be found.

Foreign Operations

Over the past several years your Company has followed a carefully planned programme of developing sales and profits in markets outside of the United States and Canada. We have concentrated our efforts in those markets where dollars are readily available and where a faster return is obtainable. In the past few years we have commenced operations in Europe, the Middle East and in certain countries in Africa. Our expansion will continue in those markets where sales of soft drinks continue to grow at a rapid rate and where consumption per capita is among the highest in the world.

Our important Latin and South American markets continue to expand and develop and we are proud of our growth in these countries despite the many new competitive products which are being introduced with tremendous promotions.

The development of CRUSH throughout these important markets has helped offset to some degree the seasonal fluctuations of our North American business, since the South American summer comes in our low volume winter months. Gradually we are levelling out our seasonal curve, although the heavy buying of our products in the United States and Canada occurs during the summer months, and still accounts for the greater part of our business.

Appreciation

We are sorry to advise that Mr. Stuart Mackersy retired during the past year. As a director and member of the Executive Committee for several years, he applied himself most diligently to the affairs of your Company. He was available at all times for consultation and gave great assistance in bringing your Company to the position it holds today.

We deeply regret the death of Hon. Robert H. Winters, who was a director of your Company. His vitality and personal interest in the operation of your Company were an inspiration to all, and his wise counsel will be greatly missed by your directors and management.

On December 16, 1969, Mr. Douglas W. Best was elected a director of your Company.

The excellent record of progress achieved in the past year was made possible by the enthusiastic and effective efforts of the many competent and loyal employees who make up the enterprising CRUSH organization. The directors express thanks to each and every one of them for an outstanding performance.

J. M. THOMPSON
Chairman of the Board

LOUIS COLLINS
President

December 16th 1969.

Five Year Comparison

FINANCIAL RESULTS	*1969*	*1968*	*1967*	*1966*	*1965*
Gross operating revenue - - - -	$37,121,948	$33,069,442	$28,844,843	$25,502,290	$22,691,767
Earnings before taxes - - - - -	3,759,624	2,895,152	2,186,576	1,852,944	1,649,531
Provision for Income Taxes (1) -	1,757,361	1,235,583	729,891	547,202	271,897
Net Earnings (1) - - - - - -	2,002,263	1,659,569	1,456,685	1,305,742	1,377,634
Earnings per common share (1) and (2) - - - - - - -	.48	.40	.35	.32	.34
Dividends common - - - - -	634,101	547,589	546,588	409,151	326,700
Dividends per common share (2) -	.15	.13	.13	.10	.08
Common shares outstanding (2) -	4,148,828	4,113,828	4,101,828	4,091,628	4,088,028

FINANCIAL POSITION					
Current assets - - - - - - -	10,793,942	9,005,254	7,699,862	8,092,528	6,555,999
Current liabilities - - - - - -	5,043,534	5,835,186	3,912,969	4,048,551	3,214,119
Working capital - - - - - -	5,750,408	3,170,068	3,786,893	4,043,977	3,341,880
Fixed assets net - - - - - -	6,373,575	7,803,720	6,183,825	5,836,281	5,340,437
Other assets - - - - - - -	3,044,944	4,369,303	4,253,974	4,382,623	4,357,692
Long-term indebtedness and customers' deposits - - - - -	3,450,850	4,409,432	4,450,563	5,120,498	4,801,417
Shareholders' equity—common -	11,718,077	10,933,659	9,774,129	9,142,383	8,238,592
Book value per common share (2)	2.82	2.66	2.38	2.23	2.02
(1) Taxes were reduced by the following amounts by the application of pre-acquisition losses of a subsidiary company acquired in 1965 - - - - -	109,000	207,000	235,000	220,000	427,000

(2) Adjusted to reflect the subdivision of common shares in March, 1969.

Consolidated Statement of Earnings

FOR THE YEAR ENDED OCTOBER 29, 1969

	1969	*1968*
GROSS OPERATING REVENUE	$37,121,948	*$33,069,442*
NET EARNINGS BEFORE DEDUCTING THE FOLLOWING	5,035,917	*4,064,283*
Interest on long-term debt, bank loans and advances	334,570	*287,172*
Depreciation	600,999	*545,749*
Amortization of containers	377,920	*376,331*
Profit on sale of fixed assets	(37,196)	*(40,121)*
	1,276,293	*1,169,131*
	3,759,624	*2,895,152*
PROVISION FOR INCOME TAXES (note 6)	1,757,361	*1,235,583*
NET EARNINGS FOR THE YEAR	$ 2,002,263	*$ 1,659,569*

Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED OCTOBER 29, 1969

	1969	*1968*
RETAINED EARNINGS—BEGINNING OF YEAR	$ 6,610,330	*$ 5,498,350*
Net earnings for the year	2,002,263	*1,659,569*
Reinstatement of contingency reserve (note 2)	500,000	—
	9,112,593	*7,157,919*
Dividends	634,101	*547,589*
Loss on disposal of Montreal Division, less income taxes recoverable thereon	156,780	—
Loss on containers less income taxes recoverable thereon (note 2)	387,704	—
Provision for deferred income taxes (note 6)	185,000	—
	1,363,585	*547,589*
RETAINED EARNINGS—END OF YEAR	$7,749,008	*$6,610,330*

CRUSH INTERNATIONAL LIMITED
(Incorporated under the laws of Ontario)

and subsidiaries

ASSETS

CURRENT ASSETS	1969	*1968*
Cash	$ 4,287,035	*$ 3,483,116*
Accounts receivable	2,781,026	*2,356,075*
Inventories—at the lower of cost or net realizable value (note 2)	3,418,344	*2,967,639*
Prepaid expenses	175,542	*198,424*
Deferred income tax charges	131,995	—
	10,793,942	*9,005,254*
FIXED ASSETS		
Land, buildings, machinery and equipment—at cost (note 8)	9,935,971	*11,797,461*
Accumulated depreciation	3,562,396	*3,993,741*
	6,373,575	*7,803,720*
SUNDRY ASSETS		
9% Mortgage—payable in monthly instalments, balance due July 31, 1974	679,024	—
Returnable containers on hand and with customers—at cost, less amounts written off (note 2)	—	*1,890,953*
Deferred accounts receivable	35,921	*148,136*
Investment in shares of foreign subsidiaries not consolidated—at cost (note 1)	27,105	*27,105*
	742,050	*2,066,194*
TRADE MARKS, FORMULAE AND GOODWILL—at cost, less amounts written off	2,302,894	*2,303,109*
	$20,212,461	*$21,178,277*

Signed on behalf of the board

LOUIS COLLINS, Director

D. A. McINTOSH, Director

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Crush International Limited and its subsidiaries as at October 29, 1969 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

LIABILITIES

	1969	*1968*
CURRENT LIABILITIES		
Bank advances	$ —	*$ 662,000*
Accounts payable and accrued liabilities	4,115,827	*4,057,853*
Income and sundry taxes payable	927,707	*1,115,333*
	5,043,534	*5,835,186*
REFUNDABLE DEPOSITS ON CONTAINERS (note 2)	—	*521,382*
LONG-TERM DEBT (note 3)		
6% Mortgage payable	109,350	*125,550*
Term loan (U.S. $3,110,000)	3,341,500	*3,762,500*
	3,450,850	*3,888,050*
	8,494,384	*10,244,618*

SHAREHOLDERS' EQUITY

	1969	*1968*
CAPITAL STOCK (note 4)		
Authorized—		
90,000 preference shares of a par value of $100 each, issuable in series		
9,000,000 common shares without par value		
Issued and fully paid—		
4,148,828 common shares	3,969,069	*3,823,329*
RETAINED EARNINGS		
Contingency reserve	—	*500,000*
Unappropriated balance	7,749,008	*6,610,330*
	7,749,008	*7,110,330*
	11,718,077	*10,933,659*
	$20,212,461	*$21,178,277*

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 29, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the changes in accounting for containers set out in note 2 and for income taxes set out in note 6, with which we concur.

Toronto, December 10, 1969.

COOPERS & LYBRAND
Chartered Accountants

Consolidated Statement of Source and Use of Funds

FOR THE YEAR ENDED OCTOBER 29, 1969

	1969	*1968*
SOURCE OF FUNDS		
Net earnings for the year	$2,002,263	*$1,659,569*
Add:		
Charges not requiring cash outlay—		
Depreciation	600,999	*545,749*
Amortization of containers	377,920	*376,331*
	2,981,182	*2,581,649*
Deduct:		
Profit on disposal of fixed assets	37,196	*40,121*
Total from operations	2,943,986	*2,541,528*
Deferred accounts receivable	112,215	*74,034*
Disposal of fixed assets less additions	709,562	—
Disposal and reclassification of containers, net	603,947	—
Issue of capital stock	145,740	*47,550*
Other	215	*454*
	4,515,665	*2,663,566*
USE OF FUNDS		
Dividends	634,101	*547,589*
9% Mortgage assumed on disposal of Montreal Division	679,024	—
Term loan reduction	421,000	—
6% Mortgage reduction	16,200	*32,400*
Additions to fixed assets, less proceeds of disposals	—	*2,125,523*
Containers, less proceeds of disposals	—	*566,148*
Deposits on containers	—	*8,731*
Provision for deferred income taxes (note 6)	185,000	—
	1,935,325	*3,280,391*
INCREASE (DECREASE) IN WORKING CAPITAL	2,580,340	*(616,825)*
WORKING CAPITAL—BEGINNING OF YEAR	3,170,068	*3,786,893*
WORKING CAPITAL—END OF YEAR	$5,750,408	*$3,170,068*

Explanatory Notes to Consolidated Financial Statements

FOR THE YEAR ENDED OCTOBER 29, 1969

1. FOREIGN SUBSIDIARIES

The following information on the wholly-owned foreign subsidiaries whose assets and liabilities and income and expenses were not included in these statements is submitted in accordance with the requirements of Section 89 of The Corporations Act:

(a) The accounts of the subsidiaries were not consolidated herein because exchange restrictions apply.

(b) The subsidiaries' earnings for the year were $8,636. No earnings from the subsidiaries have been included in the company's accounts for the year.

(c) The subsidiaries' undistributed profits earned since acquisition and not taken into the accounts of the company were $258,755 at October 29, 1969.

2. CONTAINERS

On October 29, 1969, the company provided for a loss on disposal and revaluation of containers on hand and with customers in Montreal and Toronto, less income taxes thereon, of $387,704 by a charge to retained earnings. A contingency reserve in the amount of $500,000 which was established in 1967 in anticipation of this loss has been returned to retained earnings. At the same time, the remaining containers on hand in the amount of $410,619 were valued at the lower of cost or net realizable value and were included in inventories; the remaining containers with customers and refundable deposits thereon were written off. This change in accounting treatment of containers had no material effect on the earnings for the year.

3. LONG-TERM DEBT

The 6% mortgage is payable in monthly instalments of $1,350 plus interest and matures on July 31, 1972.

The term loan is a bank loan repayable in annual instalments of U.S. $390,000 from November 1, 1970 to 1976 with the balance of U.S. $380,000 payable on November 1, 1977, bearing interest payable monthly at 1% above prime New York rate and is secured by Serial Bonds which Serial Bonds are secured on the assets of the company and on assets of certain subsidiaries.

4. CAPITAL STOCK

Changes during the year in issued and fully paid common shares without par value, adjusted to give effect to the sub-division on a three-for-one basis, were as follows:

	Number of Shares	$
Balance—October 30, 1968	4,113,828	3,823,329
Issue of shares for cash pursuant to options held by certain executive officers of the company or its subsidiaries	35,000	145,740
Balance—October 29, 1969	4,148,828	3,969,069

Certain executive officers and key employees of the company or its subsidiaries hold options exercisable at various dates on or before February 25, 1974 to purchase 112,900 common shares at prices ranging from $5.00 to $9.67 per share, including options to purchase 93,000 common shares granted during the year.

5. FOREIGN EXCHANGE

Foreign currencies other than United States dollars have been converted at the exchange rate prevailing at the balance sheet date. United States dollars have been converted to Canadian dollars as follows:

(a) Current assets and current liabilities at the exchange rate prevailing at the balance sheet date.

(b) Other assets and liabilities substantially at the rate prevailing when they were acquired or incurred.

(c) Earnings at the official rate of exchange.

The resulting net exchange adjustment is included on the balance sheet in accounts payable and accrued liabilities.

6. INCOME TAXES

In 1969, the company changed its method of accounting for income taxes from the "taxes payable" basis to the "tax allocation" basis. As a result of this change, a provision for deferred income taxes of $185,000 was charged to retained earnings. This represents the accumulated amount to October 30, 1968 by which income taxes otherwise payable were reduced by claiming amounts of depreciation for income taxes in excess of amounts recorded in the accounts.

Provision for income taxes has been reduced by approximately $109,000 ($207,000 in 1968) by the application of pre-acquisition losses of a subsidiary acquired in 1965. The pre-acquisition losses are now fully utilized.

7. EXECUTIVE REMUNERATION

The aggregate direct remuneration to the directors and senior officers amounted to $234,882.

8. SUBSEQUENT EVENT

In November 1969, the Toronto bottling operation was franchised. As a result it is anticipated that the Toronto bottling plant and equipment, with a book value of approximately $950,000, will be sold.

Operating in over 50 Countries

OFFICES

CANADA (*Head Office*):
1590 O'Connor Drive, Toronto 16, Ontario

UNITED STATES:
2201 Main Street, Evanston, Illinois 60204

SOUTH AMERICA:
Avenida Franklin Roosevelt, 84 Rio de Janeiro, Brazil

SUBSIDIARY COMPANIES

Beverages International Inc.
Crush Beverages Limited
Crush International (U.K.) Limited
Crush International Inc.
Crush Industria De Concentrados Ltda.
Gini International Limited
Inter-American Orange-Crush Company
International Beverage Services Inc.
Pure Spring (Canada) Limited

HOLDING COMPANIES

The Hires Company
Orange Crush Company

PRODUCTS

Orange CRUSH
Lemon-Lime CRUSH
Grape CRUSH
Grapefruit CRUSH
Cream Soda CRUSH
Strawberry CRUSH
HIRES Root Beer
KIK Cola
AMERICA DRY Ginger Ale
AMERICA DRY Club Soda
AMERICA DRY Tom Collins
AMERICA DRY Grapefruit-Lemon
GURD'S Dry Ginger Ale
VÉE DE VÉE
OLD COLONY Beverages
AMERICA DRY Canned Beverages
CRUSH Canned Beverages
HIRES Canned Beverages
CRUSH Fountain Syrups
HIRES Fountain Syrups
PURE SPRING Dry Ginger Ale
PURE SPRING Flavours & Mixers
GINI Bitter Lemon
UPTOWN
HONEE-ORANGE
HONEE-GOLD Orange
BRIO CHINOTTO
INDIA EXPRESS Tonic Water
EXPORT Canned Soft Drinks

MASTER FRANCHISE FOR CANADA

ROYAL CROWN Cola
DIET-RITE Cola
ROYAL CROWN Canned Soft Drinks
DIET-RITE Canned Soft Drinks

CONCENTRATE AND PROCESSING PLANTS

Canada: Toronto, Ontario (2); Ottawa, Ontario; Montreal, Quebec

United States: Evanston, Illinois; Trenton, New Jersey

South America: Montevideo, Uruguay; Rio de Janeiro, Brazil

BANKERS

Canadian Imperial Bank of Commerce, Toronto, Ontario
American National Bank and Trust Company, Chicago, Illinois
Madison Bank and Trust Company, Chicago, Illinois

TRANSFER AGENT

Crown Trust Company, Montreal, Toronto, Winnipeg and Vancouver

LEGAL COUNSEL

Fraser & Beatty, Toronto, Ontario
Kirkland, Ellis, Hodson, Chaffetz & Masters, Chicago, Illinois
Baker, McKenzie & Hightower, Chicago, Illinois

SHAREHOLDERS' AUDITORS

Coopers & Lybrand, Toronto, Ontario
Lybrand, Ross Bros. & Montgomery, Chicago, Illinois

ADDRESS ALL COMMUNICATIONS TO

The Secretary, Crush International Limited,
1590 O'Connor Drive, Toronto 16, Ontario

Board of Directors

DOUGLAS W. BEST President, T. H. Best Printing Company Ltd., Toronto, Ont.	Toronto, Ont.
RALPH B. BRENAN President, G. E. Barbour Company Limited, Saint John, N.B.	Rothesay, N.B.
*LOUIS COLLINS President, Crush International Limited, Toronto, Ont.	Evanston, Illinois
*NELSON M. DAVIS Chairman, N. M. Davis Corporation Limited, Toronto, Ont.	Toronto, Ont.
IAN R. DOWIE Chairman, Ontario Committee on the Healing Arts.	Toronto, Ont.
HON. LOUIS P. GÉLINAS, M.B.E. Executive Consultant, Geoffrion, Robert & Gélinas, Co., Montreal, P.Q.	Montreal, P.Q.
**GRANT HORSEY President, Wilgran Corporation Limited, Toronto, Ont.	Toronto, Ont.
G. W. OWEN Partner, Fraser & Beatty, Toronto, Ont.	Toronto, Ont.
JOHN A. McCLEERY, C.A. President, J. A. McCleery Limited, Toronto, Ont.	Don Mills, Ont.
*EDWIN C. McDONALD Chairman, The Royal Bank of Canada Trust Company, New York, N.Y.	New York, N.Y.
*D. A. McINTOSH, Q.C. Partner, Fraser & Beatty, Toronto, Ont.	Toronto, Ont.
ROBERT A. McNAIR President, Bristol-Myers Canada Limited, Toronto, Ont.	Toronto, Ont.
*J. M. THOMPSON Chairman of the Board, Crush International Limited, Toronto, Ont.	Willowdale, Ont.

(**Chairman of the Executive Committee)
(* Member of the Executive Committee)

Officers

CRUSH INTERNATIONAL LIMITED

J. M. THOMPSON	Chairman of the Board
LOUIS COLLINS	President and Chief Executive Officer
R. P. J. DEES	Secretary-Treasurer

CRUSH BEVERAGES LIMITED

LOUIS COLLINS	President
D. E. P. ARMOUR	Vice-President and General Manager
D. G. OTTAWAY	Vice-President and Asst. General Manager
P. DAOUST	Vice-President
W. N. GILCHRIST	Vice-President
R. P. J. DEES	Secretary-Treasurer

GINI INTERNATIONAL LIMITED

LOUIS COLLINS	President
W. L. JOHNSON	Vice-President and Treasurer
W. L. LAUTEN	Secretary

BEVERAGES INTERNATIONAL INC. and CRUSH INTERNATIONAL INC.

J. M. THOMPSON	Chairman of the Board
LOUIS COLLINS	President
F. S. O'DONNELL	Vice-President and General Manager
W. L. JOHNSON	Vice-President and Treasurer
R. A. POINDEXTER	Vice-President Franchise
J. R. McGOWAN	Vice-President International
W. L. LAUTEN	Secretary

PURE SPRING (CANADA) LIMITED

J. M. THOMPSON	Chairman of the Board
NORMAN MIRSKY	President
MERVIN MIRSKY	Vice-President
R. P. J. DEES	Secretary-Treasurer

OUR PLEDGE

Crush International Limited takes pride in the excellence of its products. To create and produce beverages of unsurpassed freshness, purity and quality is our highest aspiration . . . our constant aim. Thus it is with confidence that we publish this symbol as an honest and unconditional guarantee. We pledge our untiring diligence in maintaining our exacting standards of production . . . in supplying beverages of delicious fresh flavour and wholesome healthful goodness.

Hires®
ROOT BEER

ROUS & MANN
PRINTED IN CANADA

Semi-Annual Report to Shareholders

for the six months ended April 30, 1969

CRUSH INTERNATIONAL LIMITED

Semi-Annual Report 1969

To the shareholders of Crush International Limited:

As shown below, the unaudited figures for the first half of our fiscal year, October 31, 1968 to April 30, 1969, show a good increase in both sales and net profits when compared to the same period a year ago.

	Six Months Ended	
	April 30, 1969	May 1, 1968
	(in thousands of dollars)	
Gross Operating Revenue	15,098	12,885
Net Earnings Before Taxes	505	278
Provision for Income Taxes	249	108
Net Earnings for the Six Months	256	170
Earnings per Common Share	.06	.04

The increase in gross operating revenue reflects the increasing availability and acceptance of your Company's products. This partly accounts for the increase in net earnings before taxes though a higher rate of increase is reflected than can be expected for the full year. Because the first six months is traditionally the low period of our fiscal year the percentage of increase is not truly indicative but the trend is favorable with good groundwork laid for the busy summer months ahead.

Canadian operations continue to progress favorably. Marketing programs developed in Canada have been well accepted by our bottlers, and as well by the trade and the consuming public. In order to gain greater distribution of the products marketed by our own plant in Montreal – namely, Orange CRUSH, GURD'S, and VEE DE VEE – we have franchised these brands to the Pepsi-Cola Company in Montreal, with their substantially larger sales organization. The Montreal plant will now be sold or leased, and it is expected that there will be a loss on the disposal of certain assets which will be charged to surplus at the year end, in accordance with the Company's treatment of such items in the past. At this time it is difficult to estimate what this might be.

In the U.S., the development of CRUSH and HIRES continues according to plan. Major market expansion continues, and consolidation of our position in many of these markets is contributing to the growth throughout the U.S. Marketing programs, including TV and radio coverage, as well as special local promotions, have enabled both of our major brands to gain additional penetration and show good gains for the first six months.

Our international business is increasing, with particular emphasis on CRUSH products. New markets have been opened with good initial success, with further interest and possible opportunities in other areas.

Overall consumption of soft drinks continues to grow with your Company's major brands obtaining an increasing share of this growth. Based on present indications and market trends, your management is confident that your Company's sales and profits will continue to favorably reflect the increasing demand for its products.

FOR THE BOARD OF DIRECTORS

J. M. THOMPSON, *Chairman* — L. COLLINS, *President*

June 4, 1969.

Consolidated Statement of Source and Application of Funds

(Unaudited)

	Six Months Ended April 30, 1969	Six Months Ended May 1, 1968
	(in thousands of dollars)	
Working capital – beginning of six months' period	3,170	3,787
SOURCE OF FUNDS		
Net Earnings for the six months	256	170
Add charges not requiring cash outlay:		
Depreciation	312	254
Amortization of Containers	169	154
Loss (Profit) on sale of fixed assets	(6)	(8)
Total from operations	731	570
Increase in deposit on containers	40	12
Issue of capital stock	125	41
(Increase) Decrease in deferred accounts receivable	4	(6)
Total Source of Funds	900	617
	4,070	4,404
USE OF FUNDS		
Additions to fixed assets, net	120	1,182
Purchases of containers, net	303	341
Dividends	302	273
Reduction in long-term debt	429	24
Total Use of Funds	1,154	1,820
Working capital – end of six month's period	2,916	2,584

C R U S H   I N T E R N A T I O N A L E   L I M I T E E

Rapport semi-annuel 1969

Aux actionnaires de Crush Internationale Limitée:

Comme le montre le tableau ci-dessous, les chiffres non vérifiés pour le premier semestre de notre exercice financier, du 31 octobre 1968 au 30 avril 1969, montrent une bonne augmentation et des ventes et des profits nets en comparaison de la même période il y a un an.

	Six mois terminés le	
	30 avril 1969	1er mai 1968
	(en milliers de dollars)	
Revenu brut de l'exploitation	15,098	12,885
Bénéfices nets avant les impôts	505	278
Réserve pour impôts sur le revenu	249	108
Bénéfices nets pour le semestre	256	170
Bénéfices par action ordinaire	.06	.04

L'augmentation du revenu brut de l'exploitation reflète la disponibilité et l'acceptation grandissantes pour les produits de votre Compagnie. Cette situation a causé partiellement l'augmentation des bénéfices nets avant les impôts bien qu'un taux plus élevé d'augmentation soit reflété que le taux prévu pour toute l'année. Comme les six premiers mois sont, par tradition la période faible de notre exercice financier, le pourcentage d'augmentation n'est pas réellement indicatif mais la tendance est favorable grâce au bon travail de base établi pour les mois affairés de l'été qui s'en vient.

L'exploitation canadienne continue de progresser favorablement. Des programmes de commercialisation développés au Canada ont été bien acceptés par nos embouteilleurs de même que par le commerce et le public consommateur. Afin d'obtenir une plus grande distribution des produits mis en marché par notre usine à Montréal, soit Orange CRUSH, GURD'S et VEE DE VEE, nous avons donné en franchise ces marques à la Compagnie Pepsi-Cola à Montréal, qui possède une organisation de vente substantiellement plus considérable. L'usine de Montréal sera maintenant vendue ou louée, et il est prévu qu'il y aura une perte sur la disposition de certaines immobilisations, qui seront chargées au surplus à la fin de l'année, conformément au calcul de la Compagnie pour de tels postes dans le passé. Actuellement il est difficile d'estimer ce que ces chiffres pourront être.

Aux Etats-Unis, le développement de CRUSH et de HIRES continue d'après le programme. Une expansion importante des marchés se continue, et la consolidation de notre position sur plusieurs de ces marchés contribue au développement par l'entremise de programmes de commercialisation aux Etats-Unis, y compris des émissions à la télévision et à la radio, de même que des promotions locales et spéciales, ce qui a permis à nos marques importantes d'acquérir une pénétration plus grande et de montrer des gains favorables pour les six premiers mois.

Nos affaires internationales augmentent, avec une emphase particulière sur les produits CRUSH. Des nouveaux marchés ont été inaugurés avec un bon succès initial et d'autres intérêts possibles existent dans d'autres domaines.

La consommation générale des liqueurs douces continue d'augmenter pour les marques importantes de votre Compagnie, obtenant ainsi une part plus grande de développement. D'après les indications actuelles et les tendances du marché, votre direction a confiance que les profits et les ventes de votre Compagnie continueront de refléter favorablement la demande accrue pour ses produits.

AU NOM DU CONSEIL D'ADMINISTRATION

J. M. THOMPSON, *Président du Conseil*   L. COLLINS, *Président*

Le 4 juin 1969.

Etat consolidé de la source et l'application des fonds

(*non vérifié*)

	Six mois terminés le 30 avril 1969	Six mois terminés le 1er mai 1968
	(en milliers de dollars)	
Fonds de roulement – au début du semestre .	3,170	3,787
Provenance des fonds		
Bénéfices nets pour le semestre	256	170
Ajoutez les frais n'exigeant pas de déboursés:		
Dépréciation	312	254
Amortissement des contenants . . .	169	154
Perte (profit) sur la vente d'immobilisations	(6)	(8)
Total de l'exploitation	731	570
Augmentation des dépôts sur les contenants .	40	12
Emission de capital-actions	125	41
(Augmentation) Diminution des comptes à recevoir différés	4	(6)
Provenance totale des fonds	900	617
Emplio des fonds		
Additions aux immobilisations, montant net .	120	1,182
Achats de contenants, montant net . . .	303	341
Dividendes	302	273
Réduction de la dette à long terme . . .	429	24
Emploi total des fonds	1,154	1,820
Fonds de roulement – à la fin du semestre . .	2,916	2,584

Rapport semi-annuel aux actionnaires

pour les six mois terminés le 30 avril 1969

CRUSH INTERNATIONALE LIMITEE